

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6185**

**BILL NUMBER:** HB 1001

**NOTE PREPARED:** Jan 11, 2010

**BILL AMENDED:**

**SUBJECT:** Lobbyists; Campaign Contributions.

**FIRST AUTHOR:** Rep. Bauer

**FIRST SPONSOR:** Sen. Miller

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *Legislative Gifts:* This bill reduces from \$100 to \$50 the minimum reportable amount for: (1) the total daily gifts to a legislator or legislative employee given by a registered lobbyist; or (2) a single gift received by a legislator or legislative candidate.

*Lobbying:* The bill provides that an individual who holds a state elected office and ceases to hold the state office after June 30, 2010, may not be registered as a lobbyist for 365 days after expiration of the term of office. It provides that an individual who holds a position in the executive branch appointed by the Governor (other than a special state appointee) and who ceases to hold that appointment after June 30, 2010, may not be registered as a lobbyist for 365 days after ceasing to hold the appointive position. It also provides that a member of the General Assembly may not be registered as a lobbyist for 365 days after ceasing to be a member of the General Assembly.

*Conflict of Interest:* The bill defines "conflict of interest". It provides that a lobbyist may not represent multiple clients if the representation involves a conflict of interest.

*Campaign Contributions:* The bill provides that the Governor and the Governor's candidate's committees may not (1) solicit campaign contributions; (2) accept campaign contributions; or (3) conduct other fundraising activities during the long session of the General Assembly and during the day before, the day of, and the day after each organization day. It provides that the prohibition does not apply to the Governor's participation in party activities conducted by a regular party committee. It also imposes the same fundraising restrictions for legislators for the same period around organization day of a long session. (Currently, legislators may not conduct fundraising activities during the long session beginning in January.)

The bill provides that persons with contracts with state government or who bid on contracts with state government, and certain persons affiliated with the contractors and bidders may not make political contributions to an individual who holds a state office or is a candidate for a state office. It also provides that state employees in the executive branch who have purchasing or procurement authority may not solicit political contributions unless the soliciting individual is a candidate for public office.

*State Contractor Registration:* The bill requires persons with contracts with state government or who bid on contracts with state government to register with the Indiana Department of Administration (IDOA). It requires the IDOA to make the information about registrants available in a searchable database on the IDOA's web site. It requires registrants to notify their affiliated persons that they are registered, and provides civil and criminal penalties for violations. The bill also provides that contractors or bidders who violate the statutes may be found nonresponsible and have their contracts voided.

*Outside Employment:* The bill provides that state officers, employees, and appointees in the executive branch may not accept certain other employment.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:** *Legislative Gifts:* The Indiana Lobby Registration Commission (ILRC) will incur additional expenses as a result of the decrease in the minimum reportable gift amount. The increase in expenditures would be a direct result of the increase in the number of reportable gifts by reducing the minimum reportable amount from \$100 to \$50.

The ILRC is responsible for creating the forms for reporting gifts to legislators. The ILRC is also required to prepare, publish, index, and make these reports available for public inspection. By decreasing the minimum reporting amount as provided in this bill, the ILRC will have to spend more resources compiling these reports, and will also have to amend the forms for reporting gifts.

*State Contractor Registration:* The Indiana Department of Administration (IDOA) is required to provide registration forms to state contractors that are required to register under this bill, and must make them accessible online. This information would then be available in a searchable database on the IDOA's web site. Additionally, the database must be accessible to the Election Division in the Secretary of State's office. The provisions of this bill relating to state contractor registration and the creation of a searchable database will likely increase costs for the IDOA, but it is unknown to what extent. As a point of reference, the IDOA currently has a searchable database for state contracts. Initial costs for this database were approximately \$85,000.

*Outside Employment:* This bill requires the Inspector General to create procedures for the issuance of advisory opinions granting approval for certain state employees to have outside employment. Procedures for advisory opinions on outside employment matters are provided on the Inspector General's website, as well as an online form that can be submitted for an informal advisory opinion. Thus, this provision should not impact the Office of the Inspector General.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; (5) charging fees for state contractor registration; or (5) new appropriations. Ultimately, the source of funds and resources

required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Background Information - The ILRC reports there are approximately 1,700 lobbyists currently registered.

**Explanation of State Revenues:** *Campaign Contributions:* If a candidate or a candidate's committee receives a contribution from a person who is prohibited from making a contribution under this bill, then they are required to pay an amount equal to the value of the contribution to the Election Division within 30 days of receiving the contribution.

Also, the Election Commission shall assess a civil penalty equal to the greater of two times the amount of any contributions received, or \$1,000. These penalties are in addition to any investigative costs incurred for the violation of contributing to the Governor and the Governor's candidate's committees during the period of time prohibited by this bill. Any penalties collected will be distributed to the Campaign Finance Enforcement Account.

*State Contractor Registration:* The Commission may assess a civil penalty of not more than \$1,000 for each business day that a person knowingly or intentionally fails to update a registration, fails to provide material information on a registration, or states false information on a registration required by the provisions in this bill for state contractor registration with the IDOA. These penalties are in addition to any investigative costs incurred. All civil penalties will be deposited in the Campaign Finance Enforcement Account.

*Penalty Provision:* If certain state contractors recklessly, knowingly, or intentionally make contributions prohibited under this bill, then they commit a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Background Information - *Campaign Finance Enforcement Account:* Election law civil penalties for state and federal offices are placed in the Campaign Finance Enforcement Account. The Campaign Finance Enforcement Account is used for the enforcement of campaign laws and creating and operating a campaign finance computer system, including the investment in technology to expand the capabilities of the computer system. The Campaign Finance Enforcement Account received \$18,351 in revenue in FY 2009.

**Explanation of Local Expenditures:** *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Indiana Lobby Registration Commission; Indiana Department of Administration.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** ILRC; Rob Wynkoop, IDOA, 317-233-1494; Auditor's Data.

**Fiscal Analyst:** Jessica Harmon, 232-9854.